

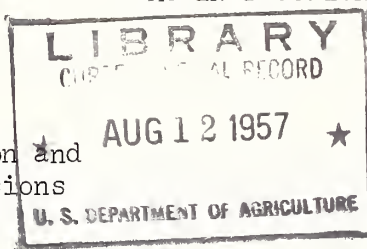
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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Washington 25, D. C.

AMS INSTRUCTION No. 479-1
Rev. 1



ACTION BY: Food Distribution Division and
Area Administrative Divisions

Payments to Nonprofit Private Schools and Child-Care Institutions
Under the National School Lunch and Special Milk Programs

I PURPOSE

This Instruction sets forth the responsibilities of the Food Distribution (FD) Division and the Area Administrative (AA) Divisions for administratively approving, examining, and processing reimbursement payments to nonprofit private schools and child-care institutions under the National School Lunch (NSL) and Special Milk (SM) programs.

II CANCELLATION

AMS Instruction No. 479-1, Payments to Nonprofit Private Schools Under the National School Lunch Program, dated 11-26-54, is superseded by this revision. Specific changes are not indicated because of the general nature of the revision.

III DEFINITIONS

A Nonprofit Private School. A "nonprofit private school" is a school of high school grade or under, which is exempt from taxes under the Internal Revenue Code, as amended, and has an agreement directly with AMS-CCC under which AMS makes payment directly to such school.

B Child-Care Institution. A nonprofit "child-care institution" is an institution which is devoted to the care and training of children, operates on a nonprofit basis, is exempt from taxes under the Internal Revenue Code, as amended, and has an agreement directly with AMS-CCC under which AMS makes payment directly to such institution.

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(III)

C Sponsoring Agency. A "sponsoring agency" is a responsible authority having supervision and control over the operation of the NSL and/or SM program(s) in an individual school or group of schools and in child-care institutions.

D Centralized Operation. A "centralized operation" consists of two or more lunch and/or special milk operations managed by a central office which has, as a minimum, complete fiscal control over the funds of the several operations.

IV AUTHORITIES

A NSL Program. The NSL program is based on the National School Lunch Act of June 4, 1946 (42 USC 1751-1760), as amended July 12, 1952 (66 Stat. 591).

B SM Program. The SM program is based on the Agricultural Act of 1949, as amended (7 USC 1446).

V DOCUMENTS USED AS A BASIS FOR EXAMINING AND PAYING CLAIMS UNDER THE NSL AND SM PROGRAMS

AA Divisions shall use the following documents as a basis for examining claims under the NSL and SM programs. The agreements listed, or any amendments thereto, are executed by the FD Division area offices and forwarded directly to the respective AA Divisions.

A Form FD-2, National School Lunch Program Agreement, and Amendments and Renewals. This agreement is with the sponsoring agency and will include in Schedule A a list of the schools in which the program will operate.

B Form FD-26, Special Milk Program Application-Agreement. This agreement is with the sponsoring agency for schools and/or child-care institutions participating in the SM program by offering milk as a separately priced item.

C Form FD-27, Amendment to Extend Existing Special Milk Program Agreements to Schools and Child-Care Institutions. This amendment extends the effective date of the agreement with the sponsoring agency to June 30, 1958.

(V)

D Form FD-30-1 (4-12-57), Agreement with Child-Care Institutions - Special Milk Program for Children. This agreement is with the sponsoring agency and will include in Schedule A a list of the institutions in which the program will operate.

E Form FD-6, Claim for Reimbursement - National School Lunch and Special Milk Programs. This form is used for either or both the NSL and the SM programs.

F Form FD-7, Claim for Reimbursement From Child-Care Institutions and Boarding Schools (SM Program for Children). This form is used by institutions and boarding schools which do not sell milk as a separately priced item.

VI SUBMISSION OF SPONSORING AGENCY CLAIMS

Claims for reimbursement are submitted on Form FD-6 or FD-7 by the sponsoring agency through the FD Division area office to the AA Division as follows:

A Sponsors of centralized operations may file a single consolidated claim for all of the participating units within their control, for which a single payment will be made. Such claims need not be supported by individual claims prepared by each participating unit. However, for school lunch claims there must be included as part of the consolidated claim an item showing the number of units covered by the consolidated claim and the number of **nonparticipating units** under the jurisdiction of the centralized agency.

B Sponsors of more than one participating unit who do not function as a centralized operation may file a consolidated claim, but it must be supported by the claims of the individual participating units they sponsor. In such instance the consolidated claim must show the number of units covered by the claim, the sponsor's name and address as shown on the agreement, and, as the "Total" in item 21 of the form, the sum of the "Totals" shown in the corresponding spaces on the attached forms of the individual units. A single payment will be made to the sponsor for these claims.

VII RESPONSIBILITIES OF FD DIVISION AREA OFFICES FOR APPROVING
CLAIMS FOR REIMBURSEMENT

A In accordance with approved FD Division procedures, claims shall be examined for completeness and for evidence of compliance with the terms of the agreement concerned. This review need not involve computations for determining accuracy of amount claimed. No adjustments shall be made by the FD Division area office on the claim or in the amount of the claim. Any adjustments due to amendments of the agreement, or to computations or extensions, will be made by the AA Divisions.

B If there is to be a reduction in the amount claimed due to an amendment in the agreement caused by a lack of funds or for other reasons, the FD Division area office may notify and advise the sponsor by memorandum of the basis for the reduction. A copy of the memorandum shall be attached to the claim and used by the AA Division in making its examination.

C After examination by the FD Division area office, the claims shall be listed on a transmittal memorandum showing the agreement number of each claim and the amount claimed, the total amount of all claims listed, and a certification worded substantially as follows:

Subject: Private School and Child-Care Institution
Claims for Reimbursement.

State of _____ for the month of _____ 19__.

The attached claims for reimbursement, Form(s) FD-6 and/or FD-7, from private schools and child-care institutions are administratively approved for payment in such amounts as found due under the terms of their respective agreements and amendments thereto.

The transmittal memorandum shall be signed by an official authorized to approve such claims, and shall be forwarded, in duplicate, to the appropriate AA Division, together with the original claims.

VIII RESPONSIBILITIES OF AA DIVISIONS

A Examination of Claims. The AA Division shall:

1 Verify the agreement number, calendar month being reported, name and address of sponsoring agency, and name and location of each school.

(VIII A)

2 Check the claim with the agreement and amendments to see that payment claimed is in accordance therewith.

3 Approve claims as follows:

a If a claim is otherwise correct and is in an amount equal to or less than the amount expended for food as stated on the face of the claim, it shall be approved.

b If a claim is otherwise correct but is in an amount more than the amount spent for food, previous payments made to the school in question shall be accumulated on a fiscal year basis to show the total payments as compared to the total cost of food. If, on an accumulated basis, the total payments and the total amount claimed is less than the total amount spent for food, and the claim is otherwise in order, it shall be approved for payment. If the total cumulative payments and the amount claimed are more than the cumulative cost of food, a suspension shall be made from the current claim to bring the payments within the total accumulated food cost. 1/

c Approve for payment in the proper amount underclaim of \$10 or less if underclaim is due to error in computation or extension. Note the approved amount on the copy of the transmittal memorandum which is returned to the FD Division area office.

d Return to the sponsor any underclaim in excess of \$10 which is due to error in computation or extension. At the same time, furnish the sponsor with an appropriate notification in order that the error may be explained or, if necessary, corrected. Note this action also on the transmittal memorandum which is returned to the FD Division area office.

e Approve for payment in the correct amount a claim overstated in amount of \$1 or less, noting the approved amount on the transmittal memorandum returned to the FD Division area office. (Do not prepare a notice of suspension.)

1/ The use of Form AMS-23, School Lunch Voucher Record, to accumulate the cost of food purchased is discontinued.

(VIII A 3)

f Approve for payment in the correct amount a claim overstated in the amount of \$1.01 or more, but suspend the amount of the overclaim and prepare Form AMS-37, Notice of Suspension. Send the original of the form to the payee, a copy to the FD Division area office, attach one copy to the claim, and note the approved amount on the transmittal memorandum as in "e" above.

g Indicate approval of a claim by checking or, if necessary, inserting the amount approved for payment in the space provided, and date and initial (or sign) the claim (Form FD-6 or FD-7).

B Scheduling Claims for Payment. When claims for reimbursement are scheduled for payment on SF-1166, Voucher and Schedule of Payments, the duplicate copy of the transmittal memorandum received from the FD Division area office shall be returned to that office, corrected, if necessary, to show the amounts actually paid.

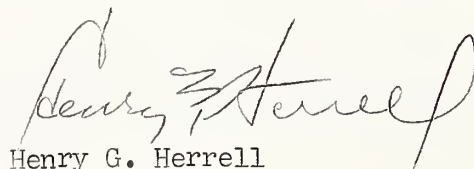
C Maintenance of Files.

1 Claims for Reimbursement. Forms FD-6 and FD-7, and supporting data, shall be filed in a contractor file. They shall not be filed with SF-1166.

2 Agreements. The originals of all agreements with sponsoring agencies shall be filed serially by agreement number.

3 Delegations of Authority. Copies of delegations of authority to FD Division area field supervisors, or their designees, to act as representatives of the Secretary in administratively approving claims for reimbursement under NSL or SM programs shall be kept on file.

4 Transmittal Memorandums. Originals of transmittal memorandums showing the administrative approval of claims shall be filed by State, in chronological order, for audit and reference purposes.



Henry G. Herrell
Assistant Administrator for Management